

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 3, 2015

3:04 p.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Liz Vazquez, Vice Chair
Representative Louise Stutes
Representative David Talerico
Representative Geran Tarr
Representative Adam Wool

MEMBERS ABSENT

Representative Neal Foster

COMMITTEE CALENDAR

HOUSE BILL NO. 39

"An Act establishing the Advisory Committee on Wellness; and relating to the administration of state group health insurance policies."

- HEARD & HELD

HOUSE BILL NO. 59

"An Act relating to marijuana concentrates; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 39

SHORT TITLE: PUBL EMPL HEALTH INS; WELLNESS COMMITTEE

SPONSOR(S): REPRESENTATIVE(S) SEATON

01/21/15	(H)	PREFILE RELEASED 1/9/15
01/21/15	(H)	READ THE FIRST TIME - REFERRALS
01/21/15	(H)	HSS, FIN
01/27/15	(H)	HSS AT 3:00 PM CAPITOL 106
01/27/15	(H)	Heard & Held
01/27/15	(H)	MINUTE(HSS)
01/29/15	(H)	HSS AT 3:00 PM CAPITOL 106
01/29/15	(H)	Scheduled but Not Heard

02/03/15 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 59

SHORT TITLE: MARIJUANA CONCENTRATES

SPONSOR(S): REPRESENTATIVE(S) SEATON

01/21/15 (H) PREFILE RELEASED 1/16/15
01/21/15 (H) READ THE FIRST TIME - REFERRALS
01/21/15 (H) HSS, JUD
02/03/15 (H) HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

TANEEKA HANSEN, Staff
Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 59 as staff for the bill sponsor, Representative Seaton.

RACHELLE YEUNG, Legislative Analyst
Marijuana Policy Project
Washington, D.C.

POSITION STATEMENT: Testified during discussion of HB 59.

CYNTHIA FRANKLIN, Director
Alcoholic Beverage Control (ABC) Board
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during discussion of HB 59.

BRUCE SHULTE, Spokesperson
Coalition for Responsible Cannabis Legislation
Fairbanks, Alaska

POSITION STATEMENT: Testified and answered questions during discussion of HB 59.

ACTION NARRATIVE

[3:04:48 PM](#)

CHAIR PAUL SEATON called the House Health and Social Services Standing Committee meeting to order at 3:04 p.m. Representatives Seaton, Stutes, Wool, Talerico, Tarr, and Vazquez were present at the call to order.

HB 39-PUBL EMPL HEALTH INS; WELLNESS COMMITTEE

3:05:20 PM

CHAIR SEATON announced that the first order of business would be HOUSE BILL NO. 39, "An Act establishing the Advisory Committee on Wellness; and relating to the administration of state group health insurance policies."

3:06:02 PM

The committee took a brief at-ease.

3:06:25 PM

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 1, labeled 29-LS0227\A.3, Wayne, 1/30/15, which read:

Page 3, following line 22:

Insert new subsections to read:

"(g) On or before the second Monday in December of each year, the commissioner of administration shall deliver to the governor, the senate secretary, and the chief clerk of the house of representatives a copy of reports the commissioner has made in the preceding 12-month period under (f) of this section and notify the legislature that the reports are available.

(h) On or before the second Monday in December of each year, the committee shall deliver to the governor, the senate secretary, and the chief clerk of the house of representatives a written report containing the recommendations the committee has made in the preceding 12-month period under (e) of this section and notify the legislature that the report is available."

Reletter the following subsection accordingly.

3:06:42 PM

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ explained that proposed Amendment 1 would require the wellness committee and the Department of Administration to provide the governor and the Alaska State Legislature with copies of the wellness recommendations and responses by the Department of Health and Social Services produced during the last year. These copies would be due on or

before the second Monday in December of each year. She pointed out that this would "close the loop and get the information back to the Legislature."

[3:07:36 PM](#)

CHAIR SEATON pointed out that subsection (g) of the proposed amendment required the commissioner of administration to submit a report of the actions by the administration, and that subsection (h) required the committee to deliver its recommendations.

[3:07:59 PM](#)

REPRESENTATIVE TARR asked to clarify that members of the committee would serve without compensation, and that this proposed amendment would not change the fiscal note.

CHAIR SEATON replied that testimony from the Department of Administration during the prior meeting stated that addition of this proposed amendment would not change the zero fiscal note.

[3:08:55 PM](#)

CHAIR SEATON removed his objection. There being no further objection, Amendment 1 was adopted.

CHAIR SEATON said that HB 39, as amended, would be held over.

HB 59-MARIJUANA CONCENTRATES

[3:10:19 PM](#)

CHAIR SEATON announced that the next order of business would be HOUSE BILL NO. 59, "An Act relating to marijuana concentrates; and providing for an effective date."

REPRESENTATIVE VAZQUEZ moved to adopt the proposed committee substitute, (CS) for HB 59, labeled 29-LS0257\P, Martin, 1/29/15 as the working draft. There being no objection, it was so ordered.

[3:10:46 PM](#)

The committee took a brief at-ease.

[3:11:32 PM](#)

TANEEKA HANSEN, Staff, Representative Paul Seaton, Alaska State Legislature, introduced HB 59 as staff for the bill sponsor, Representative Seaton. She explained that the intent of the proposed bill was to give the regulating entity, the Alcoholic Beverage Control Board, a safety net to ensure they were able to write the new regulations while maintaining commercialization and sales as detailed in the initiative. This would delay the implementation of regulations solely on concentrates for no more than one year, if necessary. She declared that this proposed bill was focused on health concerns and was not intended to address any legal issues.

[3:12:54 PM](#)

MS. HANSEN directed attention to the Sectional Analysis, Version P, [Included in members' packets] and stated that Section 1 contained legislative intent language, which explained that in order to implement the marijuana initiative in an orderly process, the legislature intended to focus first on the growth and sale of marijuana and to delay regulations relating to marijuana concentrates for not more than a year. She stated that during the delay period, these activities related to the commercialization of marijuana concentrates would remain illegal. Moving on to Sections 2 - 4, she noted that these amended the language in AS 17.38.070(a) - (c) to clarify the initiative language and change the term "registration" to "license." She pointed to Section 5, which amended the language to also replace "registration" with "license." She stated that Section 6 would require the board to adopt regulations governing marijuana concentrates, and would include labeling and packaging requirements, prohibitions on combining concentrates with nicotine or alcohol, and prohibitions on the sale of concentrates in establishments that sell or serve alcohol. She directed attention to Sections 7 - 11, which amended language to replace "registration" with "license." Section 12 added subsection (i) which stated that a license under AS 17.38 did not authorize a marijuana establishment to manufacture, deliver, or possess marijuana concentrates or products containing marijuana concentrates. She pointed out that this would keep marijuana concentrates illegal until regulations were in place. Addressing Sections 13 - 21, she stated that these also amended AS 17.38.110 to replace "registration" with "license." She explained Section 22, which defined marijuana concentrates as a substance created by extracting cannabinoids from marijuana using a solvent other than water for the purpose of increasing the concentration of the cannabinoids. She stated that Section

23 replaced "registration" with "license" in AS 43.61.030, while Section 24 repealed subsection (i), created earlier on page 6 of the proposed bill, effective on either November 24, 2016, or an earlier date on which the Alcoholic Beverage Control Board completed the regulations required under Section 6 of the proposed bill. She concluded with Section 25, which established an immediate effective date for the proposed bill.

[3:16:52 PM](#)

REPRESENTATIVE TARR asked for clarification of the dates. She relayed that the initiative would take effect on February 24, 2015, although the Alcoholic Beverage Control (ABC) Board would draft regulations for growth and sales throughout the following nine months; during the year following this, through November 24, 2016, the board would focus on concentrates. She offered her belief that the actual delay was 1 year and 9 months from the date of legalization.

MS. HANSEN replied that this would allow a delay in regulations for an additional year, although this could be sooner if the regulations were completed.

CHAIR SEATON clarified that this did not delay the regulations for growing or processing operations, or for sales. It just delayed for up to one year the regulations for chemical extraction and manufacture of edible and non-edible products. He said that this was not a delay of any regulations defined by the initiative for growing, processing, or sales. He reiterated that the intent of the legislation was for an orderly process for the new regulations, whether written by the Alcoholic Beverage Control Board or a new board.

[3:19:13 PM](#)

REPRESENTATIVE STUTES asked for clarification whether this would affect the dates for sales of marijuana.

MS. HANSEN, in response, explained that the proposed bill would only affect the dates for sales of marijuana concentrates, not for any other marijuana products. She added that should the regulations be completed sooner, then marijuana concentrates would also be available for retail sale. She pointed out that the title of the proposed bill had necessitated an expansion to allow a word change, as there had been a request to change "registration" to "license."

REPRESENTATIVE STUTES offered her belief that the proposed bill related to marijuana establishments and the licensing of marijuana establishments, and did not specifically state marijuana concentrates. She opined that the proposed bill included all the parameters, and not just those for marijuana concentrates.

MS. HANSEN replied that the only changes to the initiative language presented in the proposed bill related specifically to the marijuana concentrates, and it also substituted "license" for "registration."

[3:22:02 PM](#)

CHAIR SEATON clarified that the term "registration" was often used to represent something which was applied for and obtained simply by paying a fee, whereas "license" included qualifications, provisions, and possible endorsements not usually included with "registration." He stated that this was to ensure regulatory alignment similar to liquor licenses, and this change necessitated a modification in the title to the proposed bill, as well.

[3:23:32 PM](#)

REPRESENTATIVE TARR asked how other committees listening to similar legislation had reacted to "this particular carve out," and then questioned whether the ABC board supported use of the same licensing model as currently used by the ABC.

MS. HANSEN replied that the ABC board was on-line to answer questions. She stated that, as the board had indicated an interest in moving forward as quickly as possible, the proposed bill was "more of a safety net." She directed attention to the reference to effective dates and the repeals in Sections 24 and 25. She pointed out that one of the proposed changes in Version P was to ensure that the board could move forward whenever it was prepared. She reiterated that the intent of the proposed bill was to allow the Alcoholic Beverage Control (ABC) Board to focus on growth, manufacture, and retail sale of the plant products, so as to not short change that structure and those regulations before moving on to address the concentrates. She noted that there had been more health concerns for concentrates in other states, and there were many necessary regulations.

CHAIR SEATON shared that the date in the proposed bill would prevent any unnecessary delay for the implementation of concentrates, as it limited the extension to one year.

[3:26:44 PM](#)

REPRESENTATIVE WOOL asked to clarify that the sale of "vegetative marijuana" would be legal in November, 2015, but that there would be postponement of up to one year, if needed, for the rest of the regulations. He asked if there was any reason the regulatory agency could not work on this concurrently, as there were already ongoing discussions with states that had legalized sales.

MS. HANSEN replied that, although there were ongoing discussions with the other states, there were many complex regulations and that the proposed bill would ensure an orderly process for the testing and packaging regulations. She pointed out that the goal was to ensure that the regulations for growing of the plant products, as this was the first step for the industry, were in place first.

REPRESENTATIVE VAZQUEZ pointed out that the delay was actually for more than a year, as legality was established on February 24, 2015, with the regulations to be issued by November 24, 2015. She offered her belief that this extension could be perceived by a court to be a frustration of the people's initiative. She opined that this proposed time frame was too long to justify. She recognized a need for time to write the regulations, and she suggested that a total of one year seemed to be more reasonable. She stated that she would need to review the initiative to determine whether the proposed bill would be upheld by the court. She noted that it was their responsibility to implement the will of the people, regardless of their personal feelings.

CHAIR SEATON explained that the intent of the proposed bill was to ensure an orderly process. He pointed out that the maximum duration for delay was one year after the commercial sales regulations were established for vegetative product. He added that there was nothing in the proposed bill that prohibited the regulatory board from moving forward on both sets of regulations at the same time. He offered his hope that it would be an open and transparent public process, and that the added time would allow the process to work without any rush. He opined that the worst case would be from problems due to inadequate regulations which had been rushed. He pointed out that there were two

industries to regulate: growth, processing, and sales of raw product; and the chemical extraction, infusion, and manufacture of edible and non-edible products.

REPRESENTATIVE WOOL asked to clarify that, although the proposed bill would allow the legal sale of concentrates on November 24, 2016, the possession of concentrates would be illegal prior to that time.

MS. HANSEN offered her belief that the proposed bill would not have any effect on personal use, and would only be concerned with commercial production and sale.

REPRESENTATIVE WOOL asked if there was an increased risk for incendiary accidents because of unregulated use as opposed to the opportunity to purchase the concentrate legally.

MS. HANSEN, in response, said that the bill sponsor had not reviewed this specific issue, although this had been discussed in other committees. She allowed that, although there was an understandable concern, there were other safer process options for extraction. She reiterated that legalization for concentrates would be shortly after the legalization of plant products, no more than one year. She offered her belief that the risk for accidents should be weighed against the risk from a rush to regulations.

CHAIR SEATON, referencing butane explosions during home processing in Colorado after legalization, opined that people may not have wanted to pay the fees and the taxes. He questioned any direct connection between commercial availability and price with the actions of individuals.

[3:35:23 PM](#)

REPRESENTATIVE TARR expressed her concern for the difficulties to local control due to a domino effect from delays by the legislature. She asked if any local government groups had responded to the proposed bill.

MS. HANSEN replied that there had not been any specific response from municipal organizations, although there was a letter in support of the proposed bill from the Alaska Peace Officers Association (APOA) [Included in members' packets]. She allowed that the proposed bill would not affect municipal ability to have marijuana retail, growth, or processing operations within the city limits. She pointed out that the licensing would be

expanded, per approval by the regulatory board, when the regulations became effective.

REPRESENTATIVE TARR opined that this could force a decision without all the necessary information, potentially influencing local sales and restrictions. She suggested that there needed to be careful consideration for these interfaces and the impacts.

CHAIR SEATON expressed his agreement with the complexity of the issue, pointing out that these were very different products, including edibles, salves, infusions, and patches. He stated that there were a lot of ramifications beyond the commercialization of the plant products. He reiterated that, as there were many complex issues, the proposed bill would allow for a focus on regulations for the growing, processing, and retail sales of the plant product, to be initiated without delay. He allowed that, although the second set of regulations could be pursued concurrently, the proposed bill allowed these regulations to be delayed.

[3:41:18 PM](#)

CHAIR SEATON, directing attention to the labeling and packaging requirements in Version P, Section 24, said that there was not an intent to establish details for these requirements, as this task was more appropriate for the regulatory board. He noted that page 4 of the proposed bill did prohibit the sale of marijuana concentrates combined with nicotine and alcohol. He expressed his desire that availability of this product for self-medication would result in a switch from alcohol, as alcohol had more down side consequences. He acknowledged that many people could mix alcohol with THC. He explained that, as there was physical addiction with nicotine, the proposed bill prohibited its mix with marijuana. He reminded the committee that, as the sale of nicotine products had been prohibited to minors, there was not going to be any mechanism for the further sale of addictive products, page 4, line 30. On page 5, line 1 there was a prohibition on the sale of marijuana in establishments that sell alcohol, so that people who might be changing from self-medicating with alcohol will not be surrounded by their previous addiction when they go to purchase marijuana.

CHAIR SEATON, in response to Representative Wool, expressed his agreement that the intent was to prohibit the combination of marijuana and nicotine in "a cocktail."

CHAIR SEATON, in response to Representative Wool, explained that the proposed bill would require the sale of marijuana concentrate products at separate venues from those selling alcohol. He expressed his agreement that the proposed bill would offer an indication to the regulatory board of its intent for health and social issues. He expressed his desire for full discussion of this aspect, as it was now included in Version P, Section 6.

[3:47:39 PM](#)

REPRESENTATIVE STUTES asked if the intent was to not allow the usage of marijuana in an establishment selling alcohol.

CHAIR SEATON replied that the proposed bill did not address usage, and that he was unsure of the use of marijuana in public establishments under the initiative.

[3:49:11 PM](#)

The committee took a brief at-ease.

[3:50:05 PM](#)

CHAIR SEATON opened public testimony.

[3:50:29 PM](#)

RACHELLE YEUNG, Legislative Analyst, Marijuana Policy Project, explained that the Marijuana Policy Project was a national, non-profit organization based in Washington, D.C., and that the organization had been working with local Alaskan activists for many years. She shared that they had served as legal and policy council for the Campaign to Regulate Marijuana Like Alcohol in Alaska in support of the recent ballot measure. She acknowledged the intent of the proposed bill for thoughtful and deliberate rule making, and declared confidence in the abilities of the Alcoholic Beverage Control (ABC) Board to adequately undertake the mandate under Measure 2 while abiding by its timeline. She pointed out that Cynthia Franklin, director of the ABC board, had already begun research and appeared to be willing and able to abide by the deadlines by the initiative. She expressed that the primary concern with proposed HB 59 was for any delay that would contradict the will of the voters. She declared that marijuana concentrates were included under the definition of marijuana in Measure 2, and that manufacturers' sale and possession of these products should be treated with

parity. She stated that the position of the Marijuana Policy Project was that HB 59, as currently drafted, would be unconstitutional. She emphasized that the initiative expressly specified that the state had no later than nine months after the effective date to craft regulations to implement the law, which applied to all aspects of marijuana, including marijuana concentrate. She pointed out that proposed HB 59 fundamentally altered the time line for implementation, as approved by the voters of Alaska. She added that, other than concern for points of the proposed bill being unconstitutional due to the alteration of the time line, marijuana concentrates currently existed in Alaska, and would continue to exist even with passage of the proposed bill in its current form. She stated that proposed HB 59 would simply ensure that control over the sales and production of these concentrates would remain on the black market for another year, and allow for criminals to recognize these profits. She added that this could increase the risk for explosions or other incidences by unlicensed businesses, as these businesses did not have the specialized equipment and safeguards of a licensed, accountable business.

[3:55:30 PM](#)

REPRESENTATIVE TARR asked whether her organization participated in the implementation of bills and engaged in law suits if they determined that the law was not being properly implemented. She asked about the longevity for her organization within Alaska.

[3:56:05 PM](#)

MS. YEUNG, in response, said that her organization envisioned continual assistance with the Alaska campaign throughout the implementation process. She noted that its role depended on the needs of the activist, and she shared that the campaign had requested support during the implementation process. She said that she had never personally been involved in a lawsuit, and she expressed her hope that there was not a lawsuit in Alaska. She declared that should any bill fundamentally violate the intent of the voters under the initiative, then a lawsuit may be an option to consider, although her organization would much prefer not to go down that path.

[3:57:12 PM](#)

CYNTHIA FRANKLIN, Director, Alcoholic Beverage Control (ABC) Board, expressed her understanding for the motivation behind the proposed bill, as her recent visit to Colorado had revealed that

many of their issues for the implementation of legal recreational marijuana had centered on the edible products. She reported that she did, however, have some issues with the proposed bill, noting that she was not satisfied that the definition of concentrates, as it would raise more questions than it solved. She stated that the methodology for making marijuana concentrate observed in Colorado was in contrast with these definitions. She offered her belief that the ABC Board, as well as a marijuana control board, were capable for getting rules in place for concentrates during the timeframe set forth in the initiative, although she understood the "spirit of this bill in the sense that if we ran into problems, that it would permit us to go past the timeline." She questioned whether the intent of the proposed bill was for a separate license for concentrates, as AS 17.38 did not have a separate definition for marijuana concentrate. She stated that neither Colorado nor Washington had a separate license for edibles. She pointed out that, as there was a federal prohibition for transportation of marijuana, there was a possibility for unnecessary complications with many licenses in Rural Alaska. She referenced Version P, Section 6, and opined that it appeared that the writing of prohibition for combinations of marijuana concentrates with nicotine and tobacco, or for having marijuana concentrates sold on the same premises as alcohol, were being foisted on a state agency, whereas it should be the responsibility of the Alaska State Legislature to make this determination. She expressed support for the allowance of a shortened timeline for regulations if they were ready to be put into place, as she was confident that the timeline as expressed by the initiative could be achieved. She offered her belief that many of the issues regarding marijuana concentrate products arose from the medical marijuana dispensaries in Colorado, which offered very high potency products for patients with a very high tolerance. She pointed out that the more recent legalization of recreational marijuana in Colorado had increased the market which had in turn created these issues. She pointed out that Alaska, as the state did not have medical marijuana dispensaries, was able to learn from Colorado and had the advantage for making the rules before the market was created. She expressed her appreciation for the intent of proposed HB 59 to ensure that good regulations were in place prior to the public availability for these products. She opined that the regulations could still be completed along the original timelines.

[4:05:16 PM](#)

MS. FRANKLIN, in response to Representative Stutes, stated that she was the Director of the Alcoholic Beverage Control Board. She pointed out that the agency was currently responsible, under AS 17.38, for the rules and implementation to the commercial marijuana operations.

REPRESENTATIVE TARR asked to clarify that the ABC Board felt it could implement all necessary regulations within the currently allotted time frame.

MS. FRANKLIN concurred.

REPRESENTATIVE TARR asked if the proposed substitution of "license" for "registration" was an appropriate model.

MS. FRANKLIN expressed her agreement, noting that this had been requested by the board. She explained that liquor licenses were a privilege, not a right; whereas, the term "registration" was not in sync with the process for this substance.

REPRESENTATIVE TARR asked whether the proposed process for marijuana licenses would be similar to the issuance of alcohol licenses.

MS. FRANKLIN replied that the marijuana license rules were yet to be written, and that there could be different licensing methods, including for the transferability of licenses. She explained that, in the experience of the ABC board, the secondary market value of liquor licenses had caused many issues. She suggested that the method for license selection could be different than population based. She pointed out that there were other methods in other states, noting that Nevada had a high standard merit selection process without limits. She acknowledged that the board would discuss the type of license selection process, and whether the licenses would be transferable. She allowed that the previous experience for liquor licensing would be informative, but would not be "knee jerk mirroring of liquor licensing." She stated that there would not be a "this is what we do with alcohol, so therefore this is what we're gonna do with marijuana" approach. She declared that it would be a situation for evaluating cultivation, processing, and sales, and then reviewing situations that have arisen with the liquor licensing system to find the best possible path.

[4:10:13 PM](#)

CHAIR SEATON asked whether the ABC Board had the ability to design those licenses outside of statute.

MS. FRANKLIN, in response, stated that the regulation writing process was already set forth in AS 44, and that it was a process which allowed public input. She anticipated that the board would wrestle with the decisions and would include public input. She shared that, generally speaking, AS 17.38 did not give much authority to the board beyond making the rules, so that a job for the legislature was to determine whether this would be written by the ABC Board or a marijuana control board, and then outlining the authority of that board. This outline would allow the Alaska State Legislature to determine any amendments to the statute for further definition to types of licenses and transferability of licenses. She stated that the board believed that many of these decisions were appropriate for the regulation making process, as this was a public process, and that any changes were more easily made through the regulation process.

[4:13:59 PM](#)

CHAIR SEATON asked about the idea for one license, which did not segregate sales, cultivation, product manufacture, extraction, or infusion.

MS. FRANKLIN replied that the board anticipated several tiers of licenses, including cultivation, retail sales, and processing, similar to the alcohol licenses. She relayed that the board had not anticipated a separate license or endorsement for marijuana concentrates, although the board agreed that cultivation, retail sales, and some type of processors licenses were appropriate. She reported that businesses in other states could hold more than one type of license. She reiterated that she hesitated to create a separate licensing category for marijuana concentrates because the definition for marijuana in the initiative included the entire plant. She reminded the committee that all of this was still speculative as the rules were not yet written.

[4:17:23 PM](#)

REPRESENTATIVE TARR referenced confusion by the public for what was legal, what an individual could do, and what required a license. She asked if there was a vision for additional public meetings to ensure a lot of feedback and understanding for the impacts to Alaskans.

MS. FRANKLIN replied that the ABC Board had posted frequently asked questions on its website, as well as a form for the public to request additional updates. She relayed that the board's staff were available to answer questions, noting there were only 10 employees statewide.

[4:20:21 PM](#)

REPRESENTATIVE WOOL asked about consumption on a licensed premise, similar to wholesale and retail, and the way other states had handled this.

MS. FRANKLIN replied that initial consideration was given for the interaction of smoking, a common use, and smoking rules in semi-public places, and that it was determined it would be difficult to establish marijuana smoking premises. She offered her belief that this would happen eventually, whether these licenses were issued initially or later. She noted that the only mention for consumption in AS 17.38 was to prohibit consumption in public. She suggested that the board may address the definition for public, in this case, as consumption of marijuana with others in an invited public place was not specifically addressed. She opined that it may not be licensed in the initial round.

[4:23:00 PM](#)

REPRESENTATIVE VAZQUEZ asked how many states had legalized marijuana.

MS. FRANKLIN replied that there were four states: Washington, Alaska, Oregon, and Colorado. She reported that she and her group, the Coalition of Legalized Marijuana States, had met with the Colorado regulators to compare and discuss ideas. She relayed that Alaska did not have many of the problems and issues which Colorado had, whereas Oregon was moving in a different regulatory direction, not allowing any local controls. She said that Alaska would be the first state to write regulations for legalized marijuana operations from ground zero.

REPRESENTATIVE VAZQUEZ asked whether other states had issued regulations on marijuana concentrates.

MS. FRANKLIN replied that Colorado had to re-write its rules for concentrates during its first year of legalization, 2014. She explained that edible products, as well as other products, used concentrates, but that some products needed more rules than

others. She offered her belief that the motivation behind proposed HB 59 was because edibles needed the most rules. Noting that these were new in a retail setting, she discussed the importance for defining a serving size and for certifying the level of THC in each serving. She pointed out that consumers needed to have a good understanding of what they were eating and what effects it could have. She reported that other marijuana concentrate products, such as tinctures or homeopathic drops, were more straightforward as they did not enter the body through the stomach. She stated that, as the edibles often took longer to act, larger than necessary doses were ingested. She shared that Colorado had to re-write its rules, and the state had removed all of the higher strength edibles, those with more than 100 milligram (mg) of THC, from the shelves, leaving only the lower concentrate products. The serving sizes could contain no more than 10 mg of THC. She said that Colorado had discussed 5 mg serving sizes, with a maximum of 50 mg in the package, which was a serving size that Alaska was reviewing. She mentioned the Colorado campaign, "Start low, go slow," which suggested to start with a low amount of THC, and go slowly before you consume any more. She compared this to the effects of alcohol on the system.

[4:30:20 PM](#)

CHAIR SEATON referred to the vision for one retail license, and asked whether communities would then be able to select options. He offered his belief that the license would allow everything retail that can be sold would be permitted to be sold at that premises.

MS. FRANKLIN explained that, although this was the Colorado system, it was still to be determined whether Alaska would follow this format. She offered her belief that there would be more rules for the processing, serving size, and labeling of the edibles, than for the processing of the leaves. She shared that the local governing bodies would still be able to require that all goods sold be approved through all the regulatory channels. She said that "there was no distinction between the bud and the leaves and any of the other products containing marijuana" so the licensing for retail sale applied to all products containing marijuana in the Colorado shops.

[4:33:18 PM](#)

CHAIR SEATON asked whether the single license form would work well with local communities. He referenced earlier testimony in

the House Community and Regional Affairs Standing Committee that there were instances of marijuana in combination with other drugs, and he asked if the ABC Board was reviewing other delivery restrictions for the use of THC in combination with other drugs.

MS. FRANKLIN replied that the board had not yet considered this, although they anticipated testing requirements and a need to determine who would conduct the testing. She reminded the committee that there was the technology to track the plants from first growth to point of sale. She suggested that there was "little chance of it being contaminated or combined with other drugs because it is quite recognizable in its bud form." Regarding the mix of marijuana concentrate with other drugs in a food product, she declared the need to rely on lab testing and the licensee not to contaminate or adulterate their product. She said that she was not aware that this had been a major problem.

[4:36:36 PM](#)

REPRESENTATIVE TARR referenced on-line reports [indisc] that were found to be untrue. She asked if these reports of adverse health reactions were occurring at a frequency [indisc] and even an infrequent event received a lot of attention. She asked whether the number of incidents had reached a public health concern.

MS. FRANKLIN reported that her conversations with doctors at the Children's Hospital in Colorado revealed that the statistics for children having a "bad trip" from edibles showed that the actual numbers reported went from zero to 14 over a three year period. She relayed that the doctors had stated that there were many more children admitted to the emergency room with poisoning from ibuprofen, house hold chemicals, or their parents' prescription drugs. She reflected that numbers were sometimes reported by news agencies as a percentage of increase, which would make the number of children admitted appear to be much larger.

[4:39:34 PM](#)

REPRESENTATIVE WOOL asked whether there had been research for the sales and use of marijuana in Amsterdam.

MS. FRANKLIN replied that, as her agency had not received a supplemental budget for a visit to Amsterdam, she had only been able to study this from afar and she did not anticipate a visit.

She acknowledged that, although Amsterdam had had its rules in place for a long period, there was a different rule making process and she had not gleaned as much from Amsterdam as from other states in the United States.

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REPRESENTATIVE VAZQUEZ asked whether Washington and Oregon had issued separate regulations for marijuana concentrates.

MS. FRANKLIN replied that she was not aware that either state had separated marijuana concentrates from its definition of marijuana. She noted that the ballot measure in Alaska had a similar definition for marijuana as the definition in both those states. She reiterated that, as these were the first rules which Colorado had to revise, Alaska now had the advantage and benefit of reviewing the revised rules from Colorado.

REPRESENTATIVE VAZQUEZ asked whether all marijuana edibles contained concentrates.

MS. FRANKLIN replied that there was no effect from chopping up the marijuana bud or leaf and baking it into a food. She explained that the THC had to be heated in an oil to be effective as an edible. She described the trichomes, or glands, in the marijuana plant which contained a higher concentration of THC. In order to most effectively remove the THC, the marijuana could be simmered in butter or coconut oil for 15 hours, and then strained, before using the butter or oil for cooking. She said it was also possible to extract the trichomes with chemicals, CO2, butane, or ice water. She said that her group had witnessed CO2 and ice water extraction in Colorado, and in a licensed facility there was a safe, regulated environment for this extraction. She noted that these dangerous extractions which often resulted in explosions were performed in homes after watching a You Tube video for the process.

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BRUCE SHULTE, Spokesperson, Coalition for Responsible Cannabis Legislation, directed attention to a summary handout from the Coalition [Included in members' packets] and said that the coalition respectfully disagreed with the sponsor statement which asserted that the regulation of concentrates was overly complex and should be delayed. He expressed agreement with the testimony from Ms. Franklin that the regulations could be finalized in the timeframe specified in the ballot measure. He

expressed concern with the proposed bill as it appeared to redefine marijuana and its concentrate derivatives separately. He pointed out that, as the ballot initiative clearly articulated the products under consideration, the proposed bill would be contrary to the intent of the initiative. He reminded the committee that the discussion was for an agricultural product and that each plant produced a core material, the flowers, as well as a significant portion of byproduct, the trim. He relayed that the trim could represent 30 - 50 percent of the total product volume and was used in the creation of concentrates and edibles, a significant secondary market from the growers to the processors. He offered his belief that the delay of this segment of the market for one year would force the growers to destroy 30 - 50 percent of the crop, which could make the industry economically untenable. He opined that this was not in line with the initiative, which he read, in part: "such regulations shall not prohibit the operation of marijuana establishments either expressly or through regulations that make the operation unreasonably impracticable." He contended that this enforcement for the destruction of 30 - 50 percent of the crop with no compensation was contrary to the initiative. He stated that this was the main concern of the coalition. He reiterated that the marijuana flower had direct marketability and that the rest of the plant was a secondary product. He reported that Alaska marijuana was renowned for its quality, and, as it was grown indoors under controlled, but expensive, circumstances, it was economically necessary to have use of the entire plant. He suggested that the proposed bill could effectively kill the industry.

CHAIR SEATON asked whether the marijuana industry had not been economically viable in the past, as it was not possible for the concentrate extractions. He expressed surprise that the proposed bill would create an economically unviable situation.

MR. SHULTE replied that the industry was presently economically viable, although, as it was not currently regulated in any manner, the black market was processing all parts of the plant. He pointed out that, as this very large industry was now moving toward a regulated, legitimate business model, those people participating in a legitimate industry were bound by the regulations and would be affected.

REPRESENTATIVE WOOL asked to clarify whether a lack of regulations would allow the price to absorb the loss from disposal of product, or that there was processing and sales on

the black market. He opined that the price was able to compensate for the loss.

MR. SHULTE replied that it was "probably a bit of both." He offered his belief that the black market had less incentive to re-capture the value of the trim, as there was not an excise tax and other costs associated with regulated industry. He expressed agreement that the trim did get used, often processed into hash and hash oil for sales.

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[HB 59 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:55 p.m.